

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00
DOTE-00 EB-08 INR-10 NSAE-00 FAA-00 L-03 PA-01
NSC-05 SS-15 LAB-04 SIL-01 /062 W
-----041822 250059Z /70
R 241808Z APR 78
FM AMEMBASSY ROME
TO SECSTATE WASHDC 2323

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E. O. 11652: N/ A
TAGS: EAIR, IT
SUBJ: CIVAIR: ALITALIA'S SITUATION AND VIEWS

REF: ROME 5836

1. DURING LUNCHEON ON APRIL 19, ECOMIN OBTAINED VIEWS OF ALITALIA PRESIDENT AND MANAGING DIRECTOR UMBERTO NORDIO ON SEVERAL CURRENT ISSUES. (NORDIO, WHO RETAINS THE OFFICE OF MANAGING DIRECTOR, WAS APPOINTED PRESIDENT OF ALITALIA ON APRIL 18 INPLACE OF GIORGIO TUPINI).

2. NORDIO SAID SERIES OF STRIKES AND SLOW-DOWNS HAVE SERIOUSLY AFFECTED ALITALIA OPERATIONS. LATENESS OF ARRIVAWU AND DEPARTURES WAS WORSE THAN EVER BEFORE--EVEN WORSE THAN DURING THE VERY DAMAGING SERIES OF LABOR ACTIONS SUFFERED BY ALITALIA IN THE FIRST HALF OF 1976. NORDIO ADDED THAT EVEN THOUGH SITUATION WAS IMPROVED BY RECENT SETTLEMENT WITH ONE UNION NEGOTIATING FOR GROUND PERSONNEL (STRIKING MAINTENANCE PERSONNEL HAD WRECKED HAVOC WITH SCHEDULING USE OF EQUIPMENT), HE EXPECTED PILOTS STRIKES TO CONTINUE UPSETTING SECHEDULES FOR ANOTHER TWO MONTHS.

COMMENT: THIS SITUATION MUST BE A TERRIBLE DISAPPOINTMENT TO NORDIO BECAUSE ALITALIA HAS BEEN CONDUCTING AN EXTENSIVE
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PUBLICITY CAMPAIGN TO REBUILD THE REPUTATION OF THE AIRLINE AS A DEPENDABLE SERVICE FOLLOWING THE DETERIORATION OF ITS SERVICES IN 1976. ACCORDING TO NEWS REPORTS ONE PILOTS' UNION, COVERING ABOUT 90 PERCENT TO THE PILOTS, DECIDED ON APRIL 22 TO SUSPEND THE STRIKES DUE TO THE "DRAMATIC (POLITICAL) SITUATION" THE COUNTRY IS NOW EXPERIENCEING. END COMMENT

3. ALITALIA WILL DECIDE IN THE NEXT FEW MONTHS (PERHAPS JUNE) ON THE TYPE AND QUANTITY OF WIDE BODY ALL-CARGO AIRCRAFT IT WILL BUY FOR DELIVERY "WITHIN" NEXT YEAR. NORDIO SAID THE AIRLINE "MAY WELL BUY MORE THAN ONE" SUCH AIRCRAFT.

COMMENT: THIS IS THE FIRST INDICATION WE HAVE RECEIVED THAT ALITALIA IS CONSIDERING BUYING MORE THAN ONE WIDE BODY, CARGO AIRCRAFT. TIMING OF DELIVERY OR DELIVERIES SEEMS TO HAVE SLIPPED A FEW MONTHS FROM EARLIER INDICATIONS THAT DELIVERY WOULD BE CLOSE TO THE BEGINNING OF 1979. TRADE SOURCES HAVE RECENTLY TOLD EMOFF THAT ALITALIA WAS MOST INTERESTED IN A WIDE BODY WITH A MOVABLE PARTITION BETWEEN CARGO AND PASSENGER COMPARTMENTS AND THAT THE DECISION PROCESS WAS BEING ACCELERATED. END COMMENT.

4. NORDIO COMMENTED THAT THE AIRBUS A 300 WAS OF LITTLE INTEREST TO ALITALIA BECAUSE ITS CAPACITY IS TOO GREAT FOR ALITALIA'S NEEDS. HE INDICATED, ON THE OTHER HAND, INTEREST IN BUYING ONE OF THE PROJECTED NEW BOEING AIRCRAFT. HE SAID ALITALIA'S DECISION TO PURCHASE NEW BOEING MODELS WOULD IN NO WAY BE AFFECTED BY FUTURE BOEING-AERITALIA ARRANGEMENTS FOR JOINT PRODUCTION AND THAT THIS POSITION HAS ALWAYS BEEN FULLY SUPPORTED BY THE STATE INDUSTRIAL HOLDING COMPANY IRI LIMITED OFFICIAL USE

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WHICH CONTROLS BOTH ALITALIA AND AERITALIA. HE ADDED THAT HE PREFERS NOT TO BUY ANY NEW MODELS AT THE BEGINNING OF THE PRODUCTION CYCLE, BUT RATHER LET OTHERS BUY FIRST AND THEN PROFIT BY THEIR EXPERIENCE.

COMMENT: DESPITE NORDIO'S VIEW, WE THINK ALITALIA WOULD COME UNDER VERY GREAT PRESSURE TO BUY 7X7 OR VARIANT (767 OR 777) IF FINALLY CO-PRODUCED BY AERITALIA (SEE REFTEL). END COMMENT. GARDNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, PRESIDENT, AIRLINES, PERSONNEL ASSIGNMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ROME07576
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780175-0690
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780424/aaaaatui.tel
Line Count: 102
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: aac6c9a8-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 ROME 5836
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2869677
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: ALITALIA'S SITUATION AND VIEWS
TAGS: EAIR, IT, ALITALIA, (NORDIO, UMBERTO)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/aac6c9a8-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014